

IC 6-3.5-6

Chapter 6. County Option Income Tax

IC 6-3.5-6-1

Definitions

Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

- (1) who resides in that county on the date specified in section 20 of this chapter; or
- (2) who maintains his principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.9; P.L.22-1988, SEC.4; P.L.96-1995, SEC.3.

IC 6-3.5-6-1.3

Districts not entitled to distribution

Sec. 1.3. (a) This section applies to a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).

(b) A district may not receive a distribution under this chapter unless a majority of the members of each of the county fiscal bodies of

the counties within the district passes a resolution approving the distribution.

(c) A resolution passed by a county fiscal body under subsection (b) may:

- (1) expire on a date specified in the resolution; or
- (2) remain in effect until the county fiscal body revokes or rescinds the resolution.

As added by P.L.96-1995, SEC.4. Amended by P.L.1-1996, SEC.48; P.L.70-2001, SEC.2.

IC 6-3.5-6-2

County income tax council; establishment; membership; ordinances

Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county;
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county; or
- (7) subject to section 17.5 of this chapter, elect to reduce the required balance in the county special account.

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

As added by P.L.44-1984, SEC.14. Amended by P.L.2-1989, SEC.14; P.L.42-1994, SEC.4.

IC 6-3.5-6-3

County income tax council; allocation of votes

Sec. 3. (a) In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (b) on the population of that part of the city or town that lies within the county for which the allocations are being made.

(b) Every county income tax council has a total of one hundred (100) votes. Every member of the county income tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county. On or before January 1 of each year, the county auditor shall

certify to each member of the county income tax council the number of votes, rounded to the nearest one hundredth (0.01), it has for that year.
As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-4

Resolutions; transmittal to county auditor

Sec. 4. (a) A member of the county income tax council may exercise its votes by passing a resolution and transmitting the resolution to the auditor of the county. However, in the case of an ordinance to impose, rescind, increase, decrease, or freeze the county rate of the county option income tax, the member must transmit the resolution to the county auditor by the appropriate time described in section 8, 9, 10, or 11 of this chapter. The form of a resolution is as follows:

"The _____ (name of civil taxing unit's fiscal body) casts its _____ votes _____ (for or against) the proposed ordinance of the _____ County Income Tax Council, which reads as follows:"

(b) A resolution passed by a member of the county income tax council exercises all votes of the member on the proposed ordinance, and those votes may not be changed during the year.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.5.

IC 6-3.5-6-5

Ordinances; procedure for proposal; voting

Sec. 5. Any member of a county income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the county income tax council and distribute a copy of the proposed ordinance to the auditor of the county. The auditor of the county shall treat any proposed ordinance presented to the auditor under this section as a casting of all that member's votes in favor of that proposed ordinance. Subject to the limitations of section 6 of this chapter, the auditor of the county shall deliver copies of a proposed ordinance the auditor receives to all members of the county income tax council within ten (10) days after receipt. Once a member receives a proposed ordinance from the auditor of the county, the member shall vote on it within thirty (30) days after receipt.

As added by P.L.44-1984, SEC.14. Amended by P.L.28-1997, SEC.17.

IC 6-3.5-6-6

Ordinances; limitation of number; effect of passage on proposed ordinances; proposed ordinances with same effect

Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter has been passed, the auditor of the county shall:

(1) cease distributing proposed ordinances of those types for the rest of the year; and

(2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on

proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.6.

IC 6-3.5-6-7

Ordinances; hearing; notice

Sec. 7. (a) Before a member of the county income tax council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The form of the notice required by this section must be in substantially the following form:

"NOTICE OF COUNTY OPTION
INCOME TAX ORDINANCE VOTE.

The fiscal body of the _____ (insert name of civil taxing unit) hereby declares that on _____ (insert date) at _____ (insert the time of day) a public hearing will be held at _____ (insert location) concerning the following resolution to propose an ordinance (or proposed ordinance) that is before the members of the county income tax council. Members of the public are cordially invited to attend the hearing for the purpose of expressing their views.

(Insert a copy of the proposed ordinance or resolution to propose an ordinance.)".

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-8

Imposition of tax; time; rate of tax; necessity and form of ordinance; recording of votes

Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that same year.

(b) The county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after January 1 but before April 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of

____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect July 1 of this year."

(d) If the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding July 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.16.

IC 6-3.5-6-9

Increase of tax rate

Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), then the county income tax council of that county may after January 1 and before April 1 of that year pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one tenth of one percent (0.1%) each succeeding July 1 until its rate reaches a maximum of one percent (1%).

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.17.

IC 6-3.5-6-9.5

Repealed

(Repealed by P.L.2-1989, SEC.56.)

IC 6-3.5-6-10

Effect of adoption of county option income tax and county adjusted gross income tax in same county

Sec. 10. If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax in its county on July 1 of that year and the county option income tax council of the county adopts an ordinance to impose the county option income tax in the county on July 1 of that year, the county option income tax takes effect in that county and the county adjusted gross income tax shall not take effect in that county.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-11

Freeze of tax rate; adoption, duration, and rescission of ordinance

Sec. 11. (a) The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on January 1 of a year.

(b) To freeze the county option income tax rates a county income tax council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on January 1 of the current year."

(c) An ordinance adopted under the authority of this section remains in effect until rescinded. The county income tax council may rescind such an ordinance after January 1 but before April 1 of any calendar year. Such an ordinance shall take effect July 1 of that same calendar year.

(d) If a county income tax council rescinds an ordinance as adopted under this section the county option income tax rate shall automatically increase by one-tenth of one percent (0.01%) until:

- (1) the tax rate is again frozen under another ordinance adopted under this section; or
- (2) the tax rate equals six tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six tenths of one percent (0.6%)).

(e) The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.18.

IC 6-3.5-6-12

Duration of tax; rescission of tax; record of votes

Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before April 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

As added by P.L.44-1984, SEC.14. Amended by P.L.2-1989, SEC.15;

P.L.35-1990, SEC.19; P.L.28-1997, SEC.18.

IC 6-3.5-6-12.5

Decrease in county option income tax rate; adoption of ordinance; procedures

Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after January 1 but before April 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect July 1 of this year."

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

As added by P.L.42-1994, SEC.7.

IC 6-3.5-6-13

Increase of homestead credit percentage

Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds eight percent (8%).

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is

repealed for a year if on January 1 of that year the county option income tax is not in effect.

As added by P.L.44-1984, SEC.14. Amended by P.L.3-1989, SEC.41.

IC 6-3.5-6-14

Taxpayer subject to different tax rates; rate of tax

Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's county option income tax rate for that county and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede July 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow June 30 by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-15

Tax not in effect entire taxable year

Sec. 15. If the county option income tax is not in effect during a county taxpayer's entire taxable year, the amount of county option income tax that the county taxpayer owes for that taxable year equals the product of:

(1) the amount of county option income tax the county taxpayer would owe if the tax had been imposed during the county taxpayer's entire taxable year; multiplied by

(2) a fraction. The numerator of the fraction equals the number of days in the county taxpayer's taxable year during which the county option income tax was in effect. The denominator of the fraction equals the total number of days in the county taxpayer's taxable year.

However, if the taxpayer files state income tax returns on a calendar year basis, the fraction to be applied under this section is one-half (1/2).

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-16

Deposit of revenue in special account

Sec. 16. (a) A special account within the state general fund shall be established for each county that adopts the county option income tax. Any revenue derived from the imposition of the county option income tax by a county shall be deposited in that county's account in the state general fund.

(b) Any income earned on money held in an account under subsection (a) becomes a part of that account.

(c) Any revenue remaining in an account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-17

Distribution of revenue to counties

Sec. 17. (a) Except as provided in section 2.5 of this chapter, revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the state budget agency, estimates will be received from that county during the twelve (12) month period beginning July 1 of the immediately preceding calendar year and ending June 30 of the ensuing calendar year.

(b) Before June 16 of each calendar year, the department, after reviewing the recommendation of the state budget agency, shall estimate and certify to the county auditor of each adopting county the amount of county option income tax revenue that will be collected from that county during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the immediately succeeding calendar year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified may be adjusted under subsection (c) or (d).

(c) The department may certify to an adopting county an amount that is greater than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the state budget agency, determines that there will be a greater amount of revenue available for distribution from the county's account established under section 16 of this chapter.

(d) The department may certify an amount less than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the state budget agency, determines that a part of those collections needs to be distributed during the current calendar year so that the county will receive its full certified distribution for the current calendar year.

(e) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(f) Except as provided in section 2.5 of this chapter, upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(g) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.10; P.L.178-2002, SEC.61.

IC 6-3.5-6-17.2

Report by department to county auditors

Sec. 17.2. Before July 2 of each year, the department shall submit a report to each county auditor indicating the following:

- (1) The balance in the county's special account as of the end of the preceding year.
- (2) The required six (6) month balance or three (3) month balance, if the county has adopted an ordinance under:
 - (A) section 17.4 of this chapter;
 - (B) section 17.5 of this chapter; or
 - (C) section 17.6 of this chapter;before the end of the preceding year.

As added by P.L.178-2002, SEC.62.

IC 6-3.5-6-17.3

Supplemental distribution from county's special account

Sec. 17.3. (a) If, after receiving a recommendation from the budget agency, the department determines that a sufficient balance existed at the end of the preceding year in excess of the required six (6) or three (3) month balance, the department may make a supplemental distribution to a county from the county's special account.

- (b) A supplemental distribution described in subsection (a) must be:
 - (1) made in January of the ensuing calendar year; and
 - (2) allocated and used in the same manner as certified distributions.

- (c) A determination under this section must be made before July 2.

As added by P.L.178-2002, SEC.63.

IC 6-3.5-6-17.4a

Counties with population between 36,075 and 37,000; ordinance to reduce county's special account balance; calculation and distribution of amount

Note: This version of section effective until 7-1-2002. See also following version of this section, effective 7-1-2002.

Sec. 17.4. (a) This section applies only to a county having a population of more than thirty-six thousand seventy-five (36,075) but less than thirty-seven thousand (37,000).

(b) The county income tax council of a county may adopt an ordinance to reduce the required six (6) month balance of that county's special account to a three (3) month balance for that county.

(c) To reduce the balance a county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council elects to reduce the required county income tax special account balance from a six (6) month balance to a three (3) month balance within ninety (90) days after the adoption of this ordinance."

(d) Not more than thirty (30) days after adopting an ordinance under subsection (c), the county income tax council shall deliver a copy of the ordinance to the budget agency.

(e) Not later than:

- (1) sixty (60) days after a county income tax council adopts an ordinance under subsection (c); and
- (2) December 31 of each year;

the budget agency shall make the calculation described in subsection (f). Not later than ninety (90) days after the ordinance is adopted, the budget agency shall make an initial distribution to the county auditor of the amount determined under subsection (f) STEP FOUR. Subsequent distributions needed to distribute any amount in the county income tax special account that exceeds a three (3) month balance, as determined under subsection (f) STEP FOUR, shall be made in January of the ensuing calendar year after the calculation is made.

(f) The budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(g) The county auditor shall distribute an amount received under subsection (e) to the civil taxing units in the same manner as the certified distribution is distributed and not later than thirty (30) days after the county auditor receives the amount.

(h) The civil taxing units may use the amounts received under subsection (g) for any item for which the particular civil taxing unit's certified distribution may be used.

As added by P.L.97-1995, SEC.1. Amended by P.L.170-2002, SEC.27.

IC 6-3.5-6-17.4b

Ordinance in certain counties to reduce county's special account balance; calculation and distribution of amount

Note: This version of section effective 7-1-2002. See also preceding version of this section, effective until 7-1-2002.

Sec. 17.4. (a) This section applies only to a county having a population of more than thirty-six thousand seventy-five (36,075) but less than thirty-seven thousand (37,000).

(b) The county income tax council of a county may adopt an ordinance to reduce the required six (6) month balance of that county's special account to a three (3) month balance for that county.

(c) To reduce the balance a county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council elects to reduce the required county income tax special account balance from a six (6) month balance to a three (3) month balance within ninety (90) days after the adoption of this ordinance."

(d) Not more than thirty (30) days after adopting an ordinance under subsection (c), the county income tax council shall deliver a copy of the ordinance to the budget agency.

(e) Not later than:

(1) sixty (60) days after a county income tax council adopts an ordinance under subsection (c); and

(2) December 31;

the budget agency shall make the calculation described in subsection

(f). Not later than ninety (90) days after the ordinance is adopted, the budget agency shall make an initial distribution to the county auditor of the amount determined under subsection (f) STEP FOUR. Subsequent distributions needed to distribute any amount in the county income tax special account that exceeds a three (3) month balance, as determined under subsection (f) STEP FOUR, shall be made in January of the ensuing calendar year after the calculation is made.

(f) The budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(g) The county auditor shall distribute an amount received under subsection (e) to the civil taxing units in the same manner as the certified distribution is distributed and not later than thirty (30) days after the county auditor receives the amount.

(h) The civil taxing units may use the amounts received under subsection (g) for any item for which the particular civil taxing unit's certified distribution may be used.

As added by P.L.97-1995, SEC.1. Amended by P.L.170-2002, SEC.27; P.L.178-2002, SEC.64.

IC 6-3.5-6-17.5

Reduction of county's special account balance; adoption of ordinance; procedures; distribution; use of funds

Sec. 17.5. (a) This section does not apply to a county containing a consolidated city.

(b) The county income tax council of any county may adopt an ordinance to reduce the required six (6) month balance of that county's special account to a three (3) month balance for that county on January 1 of a year.

(c) To reduce the balance a county income tax council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council elects to reduce the required county income tax special account balance from a six (6) month balance to a three (3) month balance."

(d) On or before December 31, the budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(e) The amount determined in STEP FOUR of subsection (d) shall be distributed to the county auditor in January of the ensuing calendar year.

(f) The county auditor shall distribute the amount received under subsection (e) to the civil taxing units in the same manner as the certified distribution is distributed and not later than thirty (30) days after the county auditor receives the amount.

(g) The civil taxing units may use the amounts received under subsection (f) as follows:

(1) For the later of 1995 or the first calendar year in which the county adopts an ordinance under subsection (c) and:

(A) for each civil taxing unit that is a county, city, or town, for the purposes authorized under IC 36-9-14.5-2 or IC 36-9-15.5-2 (whichever applies and regardless of whether the civil taxing unit has established a cumulative capital development fund under IC 36-9-14.5 or IC 36-9-15.5); and

(B) for each civil taxing unit that is a township or a special taxing district, for any item for which the civil taxing unit may issue a general obligation bond.

(2) For each year after the year to which subdivision (1) applies and for all civil taxing units, for any item for which the particular civil taxing unit's certified distribution may be used.

As added by P.L.42-1994, SEC.8. Amended by P.L.178-2002, SEC.65.

IC 6-3.5-6-17.6a

Counties containing a consolidated city; budget agency calculations; payment of outstanding obligations for qualified economic development tax project; distributions

Note: This version of section amended by P.L.120-2002, SEC.3. See also following version of this section amended by P.L.178-2002, SEC.66.

Sec. 17.6. (a) This section applies to a county containing a consolidated city.

(b) On or before July 15 of each year, the budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter as of the end of the current calendar year.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(c) For 1995, the budget agency shall certify the STEP FOUR amount to the county auditor on or before July 15, 1994. Not later than January 31, 1995, the auditor of state shall distribute the STEP FOUR amount to the county auditor to be used to retire outstanding obligations for a qualified economic development tax project (as defined in IC 36-7-27-9).

(d) After 1995, the STEP FOUR amount shall be distributed to the

county auditor in January of the ensuing calendar year. The STEP FOUR amount shall be distributed by the county auditor to the civil taxing units within thirty (30) days after the county auditor receives the distribution. Each civil taxing unit's share equals the STEP FOUR amount multiplied by the quotient of:

(1) the maximum permissible property tax levy under IC 6-1.1-18.5 for the civil taxing unit, plus, for a county, an amount equal to:

(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus

(B) after December 31, 2004, the greater of zero (0) or the difference between:

(i) the county hospital care for the indigent property tax levy imposed by the county in 2004 adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus

(ii) the current uninsured parents program property tax levy imposed by the county; divided by

(2) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county, plus an amount equal to:

(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus

(B) after December 31, 2004, the greater of zero (0) or the difference between:

(i) the county hospital care for the indigent property tax levy imposed by the county in 2004 adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus

(ii) the current uninsured parents program property tax levy imposed by the county.

As added by P.L.42-1994, SEC.9. Amended by P.L.273-1999, SEC.70; P.L.283-2001, SEC.3; P.L.120-2002, SEC.3.

IC 6-3.5-6-17.6b

Counties containing a consolidated city; budget agency calculations; payment of outstanding obligations for qualified economic development tax project; distributions

Note: This version of section amended by P.L.178-2002, SEC.66. See also preceding version of this section amended by P.L.120-2002, SEC.3.

Sec. 17.6. (a) This section applies to a county containing a consolidated city.

(b) On or before July 2 of each year, the budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter as of the end of the current calendar year.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(c) For 1995, the budget agency shall certify the STEP FOUR amount to the county auditor on or before July 15, 1994. Not later than January 31, 1995, the auditor of state shall distribute the STEP FOUR amount to the county auditor to be used to retire outstanding obligations for a qualified economic development tax project (as defined in IC 36-7-27-9).

(d) After 1995, the STEP FOUR amount shall be distributed to the county auditor in January of the ensuing calendar year. The STEP FOUR amount shall be distributed by the county auditor to the civil taxing units within thirty (30) days after the county auditor receives the distribution. Each civil taxing unit's share equals the STEP FOUR amount multiplied by the quotient of:

(1) the maximum permissible property tax levy under IC 6-1.1-18.5 for the civil taxing unit, plus, for a county, an amount equal to:

(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus

(B) after December 31, 2002, the greater of zero (0) or the difference between:

(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus

(ii) the current uninsured parents program property tax levy imposed by the county; divided by

(2) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county, plus an amount equal to:

(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus

(B) after December 31, 2002, the greater of zero (0) or the difference between:

(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus

(ii) the current uninsured parents program property tax levy imposed by the county.

As added by P.L.42-1994, SEC.9. Amended by P.L.273-1999, SEC.70; P.L.283-2001, SEC.3; P.L.178-2002, SEC.66.

IC 6-3.5-6-18a

Use of revenue by county auditors; distribution of revenue to civil taxing units and school corporations; qualified economic development tax projects

Note: This version of section amended by P.L.90-2002, SEC.296. See also following version of this section amended by P.L.120-2002, SEC.4.

Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county. The denominator of the fraction equals the sum of the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare

administration fund, and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

As added by P.L.44-1984, SEC.14. Amended by P.L.225-1986, SEC.10; P.L.32-1986, SEC.2; P.L.84-1987, SEC.3; P.L.2-1989, SEC.16; P.L.28-1993, SEC.7; P.L.273-1999, SEC.71; P.L.283-2001, SEC.4; P.L.90-2002, SEC.296.

IC 6-3.5-6-18b

Use of revenue by county auditors; distribution of revenue to civil taxing units and school corporations; qualified economic development tax projects

Note: This version of section amended by P.L.120-2002, SEC.4. See

also preceding version of this section amended by P.L.90-2002, SEC.296.

Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county. The denominator of the fraction equals the sum of the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month

falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.

(f) The state board of tax commissioners shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The state board of tax commissioners shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

As added by P.L.44-1984, SEC.14. Amended by P.L.225-1986, SEC.10; P.L.32-1986, SEC.2; P.L.84-1987, SEC.3; P.L.2-1989, SEC.16; P.L.28-1993, SEC.7; P.L.273-1999, SEC.71; P.L.283-2001, SEC.4; P.L.120-2002, SEC.4.

IC 6-3.5-6-18.5

Distributive shares to civil taxing units in counties containing a consolidated city

Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

| | |
|----------------------------|--------|
| Center Township | .0251 |
| Decatur Township | .00217 |
| Franklin Township | .0023 |
| Lawrence Township | .01177 |
| Perry Township | .01130 |
| Pike Township | .01865 |
| Warren Township | .01359 |
| Washington Township | .01346 |
| Wayne Township | .01307 |
| Lawrence-City | .00858 |
| Beech Grove | .00845 |
| Southport | .00025 |
| Speedway | .00722 |
| Indianapolis/Marion County | .86409 |

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

| | |
|---------------------|-------------|
| Center Township | \$1,898,145 |
| Decatur Township | \$164,103 |
| Franklin Township | \$173,934 |
| Lawrence Township | \$890,086 |
| Perry Township | \$854,544 |
| Pike Township | \$1,410,375 |
| Warren Township | \$1,027,721 |
| Washington Township | \$1,017,890 |
| Wayne Township | \$988,397 |
| Lawrence-City | \$648,848 |
| Beech Grove | \$639,017 |
| Southport | \$18,906 |
| Speedway | \$546,000 |

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal

to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December

31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.

As added by P.L.42-1994, SEC.10. Amended by P.L.98-1995, SEC.1; P.L.273-1999, SEC.72; P.L.283-2001, SEC.5; P.L.120-2002, SEC.5.

IC 6-3.5-6-19

Distributive shares of civil taxing units; determination; budget

Sec. 19. (a) Except as provided in sections 17.6(d), 18(e), and 18.5(b)(3) of this chapter, in determining the fractional share of distributive shares the civil taxing units of a county are entitled to receive under section 18 of this chapter during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(b) In determining the amount of distributive shares a civil taxing unit is entitled to receive under section 18(g) of this chapter, the department of local government finance shall consider only the percentage of the civil taxing unit's budget that equals the ratio that the total assessed valuation that lies within the civil taxing unit and the county that has adopted the county option tax bears to the total assessed valuation that lies within the civil taxing unit.

(c) The distributive shares to be allocated and distributed under this chapter shall be treated by each civil taxing unit as additional revenue for the purpose of fixing its budget for the budget year during which the distributive shares is to be distributed to the civil taxing unit.

(d) In the case of a civil taxing unit that includes a consolidated city its fiscal body may distribute any revenue it receives under this chapter to any governmental entity located in its county except an excluded city, a township, or a school corporation.

As added by P.L.44-1984, SEC.14. Amended by P.L.225-1986, SEC.11; P.L.273-1999, SEC.73; P.L.90-2002, SEC.297.

IC 6-3.5-6-20

County residents; determination

Sec. 20. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which he:

- (1) maintains a home, if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers his personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of his time spent in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of his residence or principal place of employment or business to another county in Indiana during a calendar year, his liability for county option income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county option income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.11.

IC 6-3.5-6-21

Reciprocity agreements

Sec. 21. (a) Using procedures provided under this chapter, the county income tax council of any adopting county may pass an ordinance to enter into reciprocity agreements with the taxing authority of any city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of resident county taxpayers is exempt from income taxation by the other local governmental entity to the extent income of the residents of the other local governmental entity is exempt from the county option income tax in the adopting county.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-22

Adjusted gross income tax provisions; applicability; employer's annual withholding report

Sec. 22. (a) Except as otherwise provided in subsection (b) and the other provisions of this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) deductions or exemptions from adjusted gross income;
- (5) remittances;
- (6) incorporation of the provisions of the Internal Revenue Code;
- (7) penalties and interest; and
- (8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted along with the employer's other withholding report.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.11; P.L.57-1997, SEC.5.

IC 6-3.5-6-23

Credit for income tax imposed by local governmental entity outside Indiana

Sec. 23. (a) Except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside of Indiana, that county taxpayer is entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county option income tax. However, the credit provided by this section may not reduce a county taxpayer's county option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of county option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

As added by P.L.23-1986, SEC.12.

IC 6-3.5-6-24

Credit for elderly or totally disabled persons

Sec. 24. (a) If for a particular taxable year a county taxpayer is, or

a county taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the county taxpayer is, or the county taxpayer and the taxpayer's spouse are, entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the county option income tax rate imposed against the county taxpayer, or the county taxpayer and the taxpayer's spouse, and the denominator of which is fifteen-hundredths (0.15); or

(2) the amount of county option income tax imposed on the county taxpayer, or the county taxpayer and the taxpayer's spouse.

(b) If a county taxpayer and the taxpayer's spouse file a joint return and are subject to different county option income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) county option income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

As added by P.L.23-1986, SEC.13. Amended by P.L.63-1988, SEC.10.

IC 6-3.5-6-25

Public sale of obligations

Sec. 25. Notwithstanding any other law, if a civil taxing unit desires to issue obligations, or enter into leases, payable wholly or in part by the county option income tax, the obligations of the civil taxing unit or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

As added by P.L.2-1989, SEC.17.

IC 6-3.5-6-26

Enforcement of pledge of county option income tax revenue; covenant by general assembly

Sec. 26. (a) A pledge of county option income tax revenues under this chapter is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

As added by P.L.178-2002, SEC.67.